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BRIEFING

29 AUGUST 1956

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BACKGROUND--SUEZ

I. Egypt's Position.

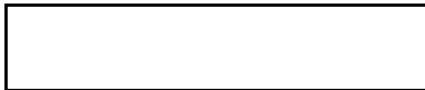
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Nasr, in agreeing to discuss the Suez issue with the five-power committee, is thinking in terms of a compromise.

A. The Egyptian government is believed to have been shaken by the fact that none of the 22 governments at the London conference was willing to support the precise extreme terms of the Egyptian position.

B. We think Nasr is also aware of the difficulties Egypt is likely to experience soon as a result of two factors--the oil problem and Western economic pressures.

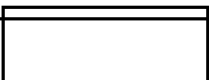
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11. The Pilot Problem. The canal is short on pilots, and getting shorter



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C.  the Egyptians are making efforts to obtain pilots from other countries--Germany, Italy, the US and Greece for example-- but there is no firm information yet on how many they may get. Pilot standards have already been considerably lowered: where the Canal Company required a pilot to have a master's certificate, the Egyptians are now asking only for second mate's papers.

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III. Canal Operations. So far, the Egyptians have been able to keep the canal running, although a backlog of ships waiting to go through is threatening to pile up. Aside from the increasingly severe pilot shortage, the Egyptians will eventually face dredging and other longer-term maintenance problems. At the moment, a Dutch dredging firm is complaining that it cannot get two of its dredges out of Egypt.

IV. Egyptian Military Preparations. It is only in the last two weeks that Cairo has begun to make what appears to be serious preparations to meet possible military action.

A. The Egyptian commander-in-chief, General Hakim Amir, reportedly believes that an attack would be most likely in the form of landings along the beaches east and west of Alexandria, with the objective of striking toward Cairo down the highway running along the western edge of the Nile delta.

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B. The Egyptians are now going through the motions of establishing defensive positions along the coast. On 23 August, they also started bringing armor--a mixture of medium and heavy tanks and self-propelled guns--into a defensive area some 14 miles south-west of Cairo.

C. The bulk of Egypt's forces, however, remain on the Israeli front in the Sinai peninsula. Withdrawals from that front during the last week have done no more than to reduce Egyptian strength to about the level that existed before last April (42,000). /see Annex B for details on Egyptian ground, naval and air deployment/

V Arab-Israeli Situation: The Suez crisis has had the effect of freezing the Arab-Israeli problem.

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- A. Israeli is pursuing a "wait-and-see" policy, hopeful that the West will knock out its arch-enemy, Nasr, or that at the least Israel will receive some additional Western arms.
- B. The Arab States are also waiting to see what happens: they almost certainly do not want to get into serious trouble with Israel while the Suez issue is still hot.

VI. Soviet Position. Soviet leaders and propagandists have continued to indicate that the USSR primarily seeks peace in the Middle East.

- A. Both Foreign Minister Shepilov and the Soviet army newspaper Red Star, however, last week gave carefully worded warnings that the use of force by the West might cause the Suez dispute to spread outside the Middle East.

[REDACTED]
[REDACTED]
B. Both Soviet statements [REDACTED]


have

nonetheless made it clear that the USSR is avoiding any commitment to direct military support for Egypt.

1. Even Khrushchev did not link the USSR directly with the defense of Egypt when he made a skillful but really meaningless gesture on 23 August, by saying if his son wished to volunteer for Egyptian service he would give the boy his blessing.

C. In our view, Moscow's present aim is to prolong negotiations in the belief that as time goes on, the majority of nations whose vessels use the canal will tend increasingly to accept Egyptian operation and control.

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VII. UK Position. British public opinion since the end of the London Conference, reflected mainly in press comment, has increasingly urged its government to offer assurances it will avoid the use of force unless sanctioned by the United Nations.

- A. In the face of this change in UK public opinion, the British government is considering further economic sanctions against Egypt in case the situation become critical.
- B. Possible recourses, barring military action, include the denial of canal dues to Egypt, wider blocking of Egyptian sterling accounts, a limitation on exports to Egypt and, in company with the US and France, an embargo on Egyptian cotton.

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1. Of these, the dues is apparently seen as the most promising device.
 2. As to account-blocking, thusfar only Belgium and Turkey have jointed Britain, France and the US in this action.
- C. London's propaganda has meanwhile sought to discredit Nasr; both Eden and Foreign Secretary Lloyd have stressed Nasr's alleged "dictator" complex, while others have freely compared the Egyptian leader to Hitler.

VIII. French Position. French public opinion, in contrast to the UK, views the Suez crisis even more gravely than before the London Conference.

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- [REDACTED]
- A. Many French political leaders still urge the use of force, seeing no alternative despite a growing realization of both the material difficulties and what seems to them the incalculable consequences of such a course.
 - B. While the French by themselves are in no position to mount a major military campaign, they would almost certainly join in any British use of force, and appear to believe firmly that the USSR would not use its own arms to counter an Anglo-French attack on Egypt.

IX. UK Military Preparations. Britain has continued "precautionary" military measures, under a nearly complete security blanket.

- A. British "precautionary" plans apparently envisage the build-up of a Mediterranean striking force totalling at least two infantry divisions, one armored division, one parachute brigade, one royal marine brigade and supporting troops.

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